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UNCLAS KINGSTON 000638

SIPDIS, SENSITIVE

STATE FOR WHA/CAR (JOSLYN MACK-WILSON)

TREASURY FOR INTERNATIONAL AFFAIRS (ERIN NEPHEW)

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [ECON](#) [EFIN](#) [ETRD](#) [EAID](#) [IMF](#) [IBRD](#) [IDB](#) [TRSY](#)

IRS, AID, G-20, JM, XL

SUBJECT: JAMAICA: FINANCE MINISTER INTERESTED IN BILATERAL ASSISTANCE, GRATEFUL FOR TREASURY TAX COMPLIANCE TEAMS

REF: (A) KINGSTON 634 (251851Z AUG 09)(NOTAL)

(B) KINGSTON 614 (181901Z AUG 09)

(C) KINGSTON 405 (221146Z MAY 09)(NOTAL)

(D) KINGSTON 601 (131322Z AUG 09)(NOTAL)

1.(SBU) Charge, accompanied by EmbOff, paid an introductory courtesy call on Minister of Finance and the Public Service Audley Shaw on the morning of August 26; the Ministry's Special Advisor Dr. Wayne Henry also participated. Shaw began by underscoring the loss of USD 1.3 billion in foreign exchange earnings suffered by Jamaica over the last year, with sharp declines in remittances and bauxite and marginal declines in tourism. 1,500-2,000 jobs had been lost in the bauxite sector, and three major plants closed (reftels A-C).

2.(SBU) Shaw noted that the U.S. and Canada consistently had encouraged highly-indebted middle income countries to approach the World Bank, IMF, and IDB to seek assistance in weathering the current economic storm. However, he asserted, Jamaica also would benefit from direct bilateral assistance. The Minister then recalled the island state's economic crisis of the 1980s, when President Reagan had assisted by making large purchases of aluminum, extending concessionary bilateral loans, and undertaking the Caribbean Basin Initiative (CBI). Charge responded by noting that, as President Obama had made clear in Trinidad in April, the Caribbean was a region of great importance to the U.S. From the U.S. perspective, assistance through the international financial institutions generally was preferable to bilateral assistance, particularly as the U.S. also currently was experiencing some economic difficulties.

3.(SBU) Shaw noted that Dr. Wesley Hughes, who soon would become Financial Secretary (reftel D), had attended the Pittsburg Summit Outreach Meeting in Miami on August 25; he looked forward to receiving Hughes's report. (Note: Shaw previously had mentioned that Canada's Prime Minister Harper had approached the White House regarding the possible attendance of Jamaican Prime Minister Bruce Golding at the G-20 Summit. End Note.)

4.(SBU) Shaw then expressed appreciation for USAID's various programs in Jamaica, to include their funding of the U.S. Treasury's tax compliance team visits; improving the country's "dismal" tax system was a high priority. In response to Charge's query, Shaw described this program as "relatively successful," but added that, because the current recession inevitably had reduced revenues, it was difficult to measure. Charge noted that programs of this kind were a practical way in which the Embassy could assist Jamaica, and asked Shaw to explore other areas in which we might offer similar assistance. The Minister said he would consider other possible areas.

PARNELL